

HOUSE BILL No. 1465

DIGEST OF INTRODUCED BILL

Citations Affected: IC 24-9.

Synopsis: First-time home buyer education. Provides that a creditor may not make a home loan after June 30, 2008, to a first-time home buyer unless the first-time home buyer has completed a first-time home buyer education course. Requires the Indiana housing and community development authority (authority) to adopt rules or guidelines prescribing the contents of the education course. Requires the education course to include instruction or counseling on certain subjects. Provides that the education course must be conducted: (1) in a classroom or workshop session; (2) in a face-to-face tutorial; (3) through the use of video distance learning; or (4) by telephone, if the creditor uses the services of a mortgage insurer with an established education program. Authorizes the authority to establish standards for the certification of individuals who provide education courses. Provides that a violation of these provisions is a Class B infraction and an act that is actionable by the attorney general under the deceptive consumer sales laws.

Effective: July 1, 2007.

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January 26, 2007, read first time and referred to Committee on Interstate and International Cooperation.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1465

A BILL FOR AN ACT to amend the Indiana Code concerning trade regulation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 24-9-4.5 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2007]:
- 4 **Chapter 4.5. First-Time Home Buyer Education**
- 5 **Sec. 1. As used in this chapter, "authority" refers to the Indiana**
- 6 **housing and community development authority created by**
- 7 **IC 5-20-1-3.**
- 8 **Sec. 2. As used in this chapter, "creditor" has the meaning set**
- 9 **forth in IC 24-9-2-6.**
- 10 **Sec. 3. As used in this chapter, "education course" means a**
- 11 **first-time home buyer course required by section 6 of this chapter.**
- 12 **Sec. 4. (a) As used in this chapter, "first-time home buyer"**
- 13 **means an individual who has not owned a home or other residence**
- 14 **during the preceding five (5) years.**
- 15 **(b) The term does not include an individual who is married if:**
- 16 **(1) the individual;**
- 17 **(2) the individual's spouse; or**



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(3) both the individual and the individual's spouse;
owned a home or other residence during the preceding five (5)
years.

Sec. 5. As used in this chapter, "home loan" has the meaning set
forth in IC 24-9-2-9.

Sec. 6. A creditor may not make a home loan after June 30,
2008, to a first-time home buyer unless the first-time home buyer
has, during the preceding year, completed a first-time home buyer
course that includes the contents required under section 7 of this
chapter.

Sec. 7. (a) The authority shall adopt rules or guidelines
prescribing the contents of the education course required by
section 6 of this chapter.

(b) An education course must include instruction or counseling
on at least the following subjects:

- (1) Shopping for a home.
- (2) Establishing a personal budget.
- (3) Using credit history information.
- (4) Understanding loan options and mortgage products.
- (5) Understanding the consequence of interest rate changes on
adjustable rate mortgages.
- (6) Qualifying for and applying for a mortgage.
- (7) Making an offer to purchase a home.
- (8) Conducting the home inspection process.
- (9) Conducting the loan closing process.

(c) An education course must be conducted:

- (1) in a classroom or workshop session;
- (2) in a face-to-face tutorial;
- (3) through the use of video distance learning technology; or
- (4) by telephone, if the creditor uses the services of a mortgage
insurer with an established telephone education program.

(d) An education course may be conducted by any person,
including any of the following:

- (1) An employee or contractor of a creditor making a home
loan.
- (2) An employee or contractor of a local counseling agency.
- (3) A counselor from a housing counseling agency certified by
the United States Department of Housing and Urban
Development.

Sec. 8. If a creditor provides an education course under this
chapter to a first-time home buyer, the creditor may include the
cost of the education course in the home loan made to the first-time

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1 home buyer.

2 Sec. 9. The authority may establish standards for the
3 certification of individuals who provide education courses under
4 this chapter.

5 Sec. 10. A creditor making a home loan after June 30, 2008, to
6 a first-time home buyer must include in the loan file a document
7 from the first-time home buyer stating that the first-time home
8 buyer completed an education course under this chapter before the
9 creditor made the home loan to the first-time home buyer.

10 SECTION 2. IC 24-9-8-1 IS AMENDED TO READ AS FOLLOWS
11 [EFFECTIVE JULY 1, 2007]: Sec. 1. **Except as provided in**
12 **subsection (b)**, a person who knowingly or intentionally violates this
13 article commits:

14 (1) a Class A misdemeanor; and
15 (2) an act that is actionable by the attorney general under
16 IC 24-5-0.5 and is subject to the penalties listed in IC 24-5-0.5.

17 **(b) A person who violates IC 24-9-4.5 commits:**

18 (1) a Class B infraction; and
19 (2) an act that is actionable by the attorney general under
20 IC 24-5-0.5 and is subject to the penalties listed in IC 24-5-0.5.

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